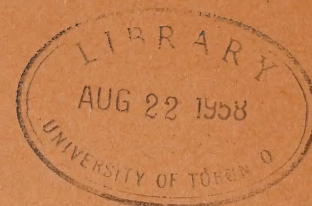


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J. ALLAN ROSS  
Commissioner



INTERVIEW WITH  
MR. R. J. GRAHAM  
of  
BELLEVILLE, ONT.







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ONTARIO

Hydro Electric Inquiry Commission

36 KING ST. EAST  
TORONTO



INTERVIEW WITH  
MR. R. J. GRAHAM  
of  
BELLEVILLE, ONT.

Friday,  
Sept. 22, 1922.

- Mr. Graham: There was a shortage of power for which someone in authority was evidently to blame and, as a consequence, we had some difficulty for a short period.
- Chairman: When was that?
- Mr. Haney: That was about the time we were down. It probably originated about the time the Government was negotiating for Ranney's Falls.
- Mr. Graham: We know, as a matter of record, that there was an undue rainfall and there was not an undue use of power. Consequently someone was to blame and we made considerable losses. I signed a contract the other day for a milling business, in which I am interested, for 140 h.p., but we cannot be sure that we will get that power when we want it. We lost \$80,000. or \$90,000. before, through not being able to grind wheat for which we had contracted and, not knowing from day to day that we would not be able to grind it, the thing dragged on for six weeks. That was three years ago and the mill had to go into liquidation. Unfortunately, I had a mortgage on the property and I had to take it over. When I make a contract for power there is no guarantee that I am going to get power. It is not an enforceable contract.
- Chairman: Has anyone else an enforceable contract with the Hydro?
- Mr. Graham: There is no such thing as an enforceable contract, so far as I know. Suppose I have a storage warehouse in which perishable goods are stored. The plant shuts down for lack of power; where am I at with my customers? Before the Hydro came along, we had a contract with the Seymour Power Co. and we had a steam standby but, when the Hydro took it over, we were told that they had a variety of units that they could connect up and that it would not be necessary to have a steam stand-by so we did away with that, as we were told that we could absolutely depend upon power.
- Chairman: Who told you that?
- Mr. Graham: (After some hesitation). I would have to be sure what I am talking about. Have you a man named Gaby? When we had these arrangements with the Seymour Power Company (who took over the Trenton Electric Company, with whom we had a contract), then the Hydro came along and took over the Seymour Power Company. I am not in a position to say positively but, if you have a man named Gaby, he was one; Mr. Ireland was another and I think there was a third. This was at Belleville. On the strength of their assertion that we need not worry about



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that we need not worry about stand-by, we dispensed with our boilers and our engines and when this thing happened we notified everyone that they would have to take their goods out, but they could not find any place to put them; Montreal was full and Toronto was full. Eventually they gave us some power and we had to work it out at hours when there was no peak load on - after ten o'clock at night or something like that and we eventually worked out at a considerable loss. We were asked to sign a contract which was a very one-sided one; the Hydro contract to provide and have available for use a certain amount of h.p. We, on our part, have to pay for that at a certain rate per h.p. (I think 90¢) whether we use it or not; then we pay for the next forty-eight hours at a lower price and for the balance of the month a much lower rate still. On the other hand, if we are shut down, it is not retroactive and neither does it work back the other way. We are bound to pay for it whether we get it or not but the Hydro are not bound to deliver it. I took it up with Mr. Scott, the local man. I said "I apply for it, you give me a contract; someone else comes along tomorrow and you give him a contract and so on, with no apparent limitation on the amount of power you will sell."

Chairman: As the Hydro sells at cost and only charges you for the time you use it, they would have to make the price higher.

Mr. Graham: I am not arguing about the price being high or low. I presume we would have to pay a price that would cover cost and depreciation but we do say this that, when we are bound to take it at a certain price, we should have it guaranteed to us.

Mr. Wegenast: What you complain of, Mr. Graham, is that they oversell power with impunity, without restriction.

Mr. Graham: Yes.

Chairman: Have you anything to show what their sales are from year to year?

Mr. Graham: No. At a meeting of the Tiger Co., this afternoon, we were discussing whether we had better increase our capacity there or move into the Niagara district where we could be sure of power.

Chairman: What is your remedy for the situation, Mr. Graham?

Mr. Graham: We think there should be some restriction as to the amount of the contracts taken.

Chairman: These people who have no contracts, what would they do?

Mr. Graham: They would have to develop more power.

Chairman: Can you develop more?



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- Mr. Graham: Yes, so can the Hydro. There are four or five dams near Trenton, not developed and I think seven or eight thousand h.p. could be got. The height of the need for power in the tire business is in July and August when there is a lot of tire trouble.
- Chairman: Enough to relieve the situation?
- Mr. Graham: I do not know that because no one knows how much the increased industrial demand is going to be for it.
- Chairman: How would it be to carry Niagara power down to Oshawa and give the other power to the rest of you?
- Mr. Graham: Well, we don't care how it is done so long as the Hydro do not oversell.
- Chairman: Would that not be an effective means of relieving you - by taking off Oshawa?
- Mr. Graham: There is an electric foundry started there. They have an equipment in there for the manufacture of electric steel; that is a thing that runs away with a lot of power. I happen to be vice-president of a steel company down there; when we run our smelting furnaces there, we use about 2,000 h.p. It is unprofitable because we are not using it but we have all the equipment to use it. Suppose we start in to use that, a couple of thousand h.p. is a serious matter. Suppose we get an order tomorrow for steel to be smelted in that furnace; we might be able to get the power but somebody else would have to suffer. I do not see that there is any limit to the amount of business that they could agree to take. In our business we cannot sell from our factory what we cannot be sure of delivering; if so, we have to suffer, but the Hydro says "We sell all you want to buy, and, if we are short, we are sorry for you. They put everyone on the same basis, whether he comes in early or late. The last man who comes in is in just as good a position as an old customer. It is not so much about more power as it is to be sure that, when you make a contract for power you are going to get it. It seems to me there should be some rider on contracts taken for power to prevent them from selling what they cannot deliver."
- Mr. Wegenast: Mr. Graham, you had a proposition of some sort of insurance?
- Mr. Graham: Suppose there was a mutual insurance basis arranged, whereby we were all charged so much per h.p., per annum and it went into a fund and that fund was arranged annually to protect the manufacturer against loss; to make good any actual loss suffered by the manufacturer when there was no power available.
- Mr. Wegenast: The official in charge of that insurance fund would have something to say when the contracts were signed for power?
- Mr. Graham: Sure he would. We like to go on and develop our industries; every city and town in Canada is chasing to get industries to keep our money at home and keep the American stuff out; a little of it is patriotic; a good deal of it is selfish.



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Chairman:

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Mr. Wegman:

The official in charge of that insurance fund would have some thing to say when the contracts were signed for power?

Mr. Graham:

Sure he would. We like to go on and develop our industries every city and town in Canada is chasing to get industries to keep our money at home and keep the American stuff out;



but it is a fact that we should have some protection. A good deal depends upon the nature of one's business. In the Tire factory we were stuck for a few days just at the time that we needed it most. The height of the need for power in the tire business is in July and August when there is a lot of tire trouble.

Mr. Haney: This is the first instance where you had tire trouble in July and August.

Mr. Graham: It may happen any time. We cannot prevent what the Lord sends us but we can, to a certain extent, remedy what man gives us.

Chairman: Mr. Ross, you know that district down there pretty well, perhaps you have a remedy?

Mr. Ross: (R.A.) No, but I have always thought that Niagara power would have to be driven up into that district to supplement the little plants. That river is nearly exhausted. They have more capacity in plant - hydraulic plant - than they have in water and, whether the Government is holding them up purposely or not, they have been held up. The Niagara System is within a short distance and there is unlimited power there and I think they would have to some of the small places on the other system and then you would never be short of power again.

Mr. Graham: We might never want it but we would feel more comfortable if we thought it was available.

Mr. Gregory: How far is the Niagara power separated?

Mr. Haney: About 35 miles.

Mr. R.A. Ross: They would not have to pay for that; it would increase the number of customers.

Chairman: It would increase the power?

R.A. Ross: It might not.

Mr. Haney: One is a 60 cycle system and the other is a 25. It would mean a change of transformers.

Mr. Graham: Well, we have enough trouble now between the different phases and cycles.

Mr. Haney: You only have one cycle.

Mr. Graham: In East Toronto we have one and in West Toronto we have one.

Mr. Haney: You are speaking of Toronto now?

Mr. Graham: Yes, I have some factories and we sometimes want to change motors and we cannot. I do not understand why they







cannot be standardized all over Canada. We were in a scrap this afternoon about a steering wheel for cars. We have sixteen different kinds of cars with sixteen different kinds of steering wheels. We asked them to standardize as it will cost sixteen times more to make sixteen different kinds of steering wheels. The same with power; why can they not standardize.

R. A. Ross: What they would try to do would be to extend the standard system up to you. Everything is 25 cycle because Niagara is 25 cycle; Toronto was 60 cycle. The Hydro has taken over that system and there will be no more of that; it will be gradually wiped out. When they bought the Ontario System they threw a bar of 60 cycle stuff right straight across the Hydro, which was intended to go as far as Kingston.

Mr. Graham: Why did they buy it? We would have been better off because we could negotiate with those people. We are paying more now than we did before the Hydro took it over. The consumer of light got the benefit of that because the Hydro said, apparently "Our system is to reduce the cost of light to the general public and increase the cost of power to the manufacturer." That is what really happened.

R. A. Ross: Whereas with an ordinary company you put in your development and you have to suffer during the lean years but you expect the good years after. In this case you would not have that because you had to develop one power after another, which caused a series of investments of equal cost per h.p. all the way down the line and you would never get low rates.

Mr. Graham: We have never had low rates and those of us in the manufacturing business are very sorry that the Hydro went into it.

R. A. Ross: In any event you would have had an enforceable contract.

Mr. Graham: We did have one but we have not now.

R. A. Ross: But from that system you can never hope to have less power.

Mr. Graham: I would not like to put my figures against yours but I differ from you there. The CITY of Belleville did have an option on No. 2 dam. As Mayor of the City, I interested myself and got an option on that particular site. We planned to have that developed. Trenton had No. 1. We could have done that and we could have limited the amount of manufacturing that would be taken on to those; that would have been desirable to us instead of having something that would not do the City much good. We could have distributed among a lot of small people which would have benefited the City much more. There are three or four dams there now with water running over the top of them but I am advised that it would cost too much to develop them.







R. A. Ross: It would be cheaper for them to send this reliable power up there than to develop those dams because they cost you too much per h.p. and you get little out of them.

Chairman: What do you pay for power?

Mr. Graham: We pay 90¢ per month, per h.p. (\$10.80 per year) for the service charge, to begin with; then we pay for the first 49 hours at a pretty high rate; (It is on the meter); then we pay for the next two days at a lower rate and for the balance of the month, it is much lower still - say 1/5. We pay that whether we use it or not - for the privilege of having it available - the service charge, I mean.

Chairman: Any reduction for keeping off the peak?

Mr. Graham: If they catch you on the peak, you are stuck.

Chairman: Have you any way of protecting yourselves from that?

Mr. Graham: No. I do not like any of these things but it is like a Bill of Lading, approved by the Government; there it is signed on the dotted line.

Mr. Haney: Your trouble is not so much the cost of power as the question of delivery.

Mr. Graham: No one is kicking about the price of power; we want an enforceable contract.

Mr. Haney: Even that would not be satisfactory; you want the power you do not want litigation.

Mr. Graham: No manufacturer wants litigation. There is no restriction on the amount of power that they contract for and no penalty if they do not deliver it. There were a few suckers got in there and got a lot of money they had no right to when the thing was sold.

Mr. Haney: Calderwood?

Mr. Graham: Yes.

Chairman: Do you know why the Government bought the System, instead of the Hydro?

Mr. Graham: No, I know nothing about that end at all. I had nothing to do with it.

Mr. Wegenast: Who would be the best man to tell us?

Mr. Graham: The fellows who made the deal.

Chairman: Would they tell us?

Mr. Graham: I don't know but they are the ones who could tell if they







would tell. We are in a bad mess down there now.

Mr. Wegenast: Were the municipalities consulted before the purchase was made?

Mr. Graham: I never heard that they were.

Mr. Wegenast: There is a proposal now that the municipalities should take it off the hands of the Government.

Mr. Graham: I have heard some talk of that sort but I would not agree with it.

Mr. Wegenast: Then you do not agree with the ideas of the Eastern Municipal Association?

Mr. Graham: I know nothing about it. I had an invitation to attend some meeting but I could not attend.

Mr. Wegenast: They passed a resolution, reading as follows:  
"Resolved, that this meeting, representing the municipalities in the Central Ontario District, petition and urge the Government of Ontario to pass legislation for the transfer of the powers and utilities in this district, owned by the Province, to the Hydro-Electric Power Commission for the municipalities voting in favor of the same in such a way that they will be the property of the said municipalities and be operated by the Hydro-Electric Power Commission for the said municipalities as is the case in Western Ontario and that they will be so transferred at a price and on terms that will enable the powers and utilities to be operated on a sound and satisfactory financial and commercial basis and the local utilities to be taken over by the several municipalities at a price that will enable them to operate these utilities at fair charges for services and without danger of financial loss. The said legislation to provide for a vote to be taken thereon by the said municipalities after the terms and conditions for the transfer have been agreed upon between the Government and the Hydro Commission acting for the municipalities."

Chairman: Have you the statement, Mr. Wegenast, showing what each municipality spent? Is it shown in the inventory?

Mr. Graham: That is entirely foreign to me. No manufacturer can afford to go into a manufacturing business and undertake contracts and have no way of enforcing his contracts.

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